



DEPARTMENT OF ADMINISTRATIVE SERVICES



STATE OF CONNECTICUT

165 Capitol Avenue  
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## **S.B. 241**

### **An Act Concerning the Department of Administrative Services and Prequalification and Evaluation of Contractors**

**Testimony of J. Carlos Velez  
Manager, Construction Contractor Prequalification**

**Joint Committee on Labor & Public Employees  
March 2, 2010**

Good afternoon Senator Prague, Representative Ryan, Senator Guglielmo, Representative Noujaim, and distinguished members of the Labor & Public Employees Committee. My name is Carlos Velez, and I am the Manager at the Department of Administrative Services ("DAS") that oversees our Construction Contractor Prequalification Program.

I am here to testify on behalf of DAS in **support of Senate Bill 241**, An Act Concerning the Department of Administrative Services and Prequalification and Evaluation of Contractors.

To provide a little background, DAS contractor prequalification is a screening process that evaluates construction companies to ensure they meet certain baseline standards to work on state-funded construction projects. By statute, the contractor prequalification unit evaluates a number of factors, such as a company's financial background, its experience in certain construction classifications, its record of performance, integrity, the company's safety record, and other criteria. Obtaining a prequalification certificate from DAS does not guarantee a company any state work; it only allows a company to bid on state projects or on municipal projects that receive some state funding.

DAS strongly believes that performance evaluations are the backbone of the prequalification process. We have been considering ways for the DAS prequalification team to obtain more performance evaluations on contractors; to strengthen the truthfulness, accuracy and timeliness of performance evaluations; and to bolster our use of performance evaluations in our prequalification process. Senate Bill 241, coupled with some administrative changes we plan to make to the program, will help DAS move in the right direction with regard to these goals.

The most significant administrative change we plan to implement involves modifying our application process to ensure that we receive more performance evaluations for contractors seeking renewals of their prequalification certificate. Currently, when a contractor first applies for certification, it must submit performance evaluations for its three most recently completed projects in each classification sought. These evaluations are completed by private or public projects owners, in-state or out-of-state. When a contractor files a renewal

application, however, it provides only evaluations for any construction project subject to the prequalification statutes (i.e., projects with a value of \$500,000 or more, funded in whole or part by the State of Connecticut) on which it worked in the preceding year.

Under the new process, if a contractor did not work on enough large state-funded projects during the preceding year, it will be required to provide evaluations from its three most recently completed projects. As with the initial application process, these evaluations may come from either public or private project owners, in-state and out-of-state. This will enable DAS to obtain a more complete view of the contractor's current record of performance.

We anticipate that this change in our renewal process will result in more evaluations from private project owners. Senate Bill 241 supports this administrative change by extending the liability protections currently provided to public project owners who complete evaluation to the private project owners as well. Extending this liability protection will promote compliance and will help ensure that we receive honest evaluations from these private project owners.

Senate Bill 241 also strengthens DAS's ability use the evaluations in a meaningful way. Currently, DAS is able to deny prequalification or disqualify a company with a poor performance record only if the average of all of the company's evaluations on file falls below the minimum threshold for satisfactory performance. Thus, even if DAS receives several unsatisfactory evaluations about a contractor, DAS cannot disqualify that contractor if the combined average continues to remain above the minimum threshold as a result of older, better evaluations.

Senate Bill 241 allows DAS to address such situations by giving DAS the authority to deny prequalification or disqualify a company if the company receives four or more unsatisfactory evaluations within a three year period. This would eliminate the problem of failing contractors remaining prequalified based solely on outdated evaluations while continuing to reward contractors that demonstrate consistently good performance over the years.

DAS believes that the legislative changes in Senate Bill 241, coupled with the administrative changes that we will be making to the program, will enable us to get access to more performance evaluations on contractors and to use those evaluations more effectively.

Thank you for giving me the opportunity to testify today. I would be happy to answer any questions you may have.